



Explanatory Memorandum

by the

Financial Secretary

on the

Budget of the Government of India

1926-27

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Explanatory Memorandum by the Financial Secretary.

(All figures in this memorandum are in lakhs of rupees unless expressly stated otherwise.)

The following table compares the actual revenue and expenditure of the Government of India in the year 1924-25 with the estimates :—

	Budget.	Revised.	Accounts.
Revenue	1,30,09	1,34,83	1,38,04
Expenditure	1,29,91	1,30,83	1,32,36
Surplus	18	4,00	5,68

2. The realised surplus of the year is over 1,68 lakhs more than the Revised estimate. As explained in the Finance Member's Budget speech, the two most important factors that have contributed to this variation are the increase in the contribution from Railways amounting to 1,14 lakhs and the saving in military expenditure amounting to 70 lakhs. As regards Railways, the gross traffic receipts during the year were 1,48 lakhs more than estimated, mainly owing to heavy traffic in grain and cotton developing earlier than anticipated, the earnings in February and March being thereby increased and, incidentally, the earnings in the earlier part of the financial year 1925-26 being decreased correspondingly beyond expectations. There were also considerable savings in working expenses due to economies, for example, in the consumption of coal, to a decrease in payments of compensation claims, and to the decision to debit the loss on revaluation of stores to Railway reserves instead of to working expenses.

3. The total net military expenditure was 55,63 lakhs and was 70 lakhs less than the revised estimate. This decrease was, as explained in the Finance Member's Budget speech, due to a saving in the expenditure on stores and a decrease in payments to the War Office on account of arrear claims in respect of the War.

4. The net transactions on account of the Posts and Telegraphs Department resulted in a total reduction of revenue to the extent of 11 lakhs, on account of credits on account of issues of stores being less than anticipated.

5. The variations from the revised estimate in Civil expenditure (excluding Posts and Telegraphs) amounted only to 4 lakhs in the aggregate, though in individual items there were large variations. The gross Customs receipts were 37 lakhs higher. Owing, however, to the fact that the amount actually expended on refunds to Railway Companies for Customs duty on stores imported by them in the past, according to the Privy Council decision, fell far short of the 2,80 lakhs provided for them on a rough estimate, the net Customs receipts were nearly a crore higher than anticipated. On the other hand, the receipts from Taxes on Income and Salt fell below anticipations to the extent of 46 and 35 lakhs respectively. The interest receipts were about 39 lakhs less than expected, the decrease being mainly under the interest on the investments of the Gold Standard Reserve. On the expenditure side, net payments on account of interest on debt were greater than expected on account of the smaller amount of loans to Provincial Governments and to the rate of interest actually charged to

Railways and other Commercial Departments on their capital outlay after 1916-17, which is the average of the rates at which the Government has borrowed during the period being less than the previous year's rate which was taken for purposes of estimating. The variations under other heads were of relatively minor importance.

• 6. The details of estimates for 1925-26 and 1926-27 are explained in the following paragraphs :—

CUSTOMS.

	Revenue (Receipts less Refunds.)	Expenditure.	Net Revenue.
1922-23	41,34.65	70.62	40,64.03
1923-24	39,69.64	71.36	38,98.28
1924-25	45,75.31	77.12	44,98.19
1925-26 { Budget	46,35.00	84.29	45,50.71
{ Revised	46,84.57	82.80	46,01.77
1926-27 Budget	46,40.00	85.48	45,54.52

7. The revised estimate of gross Customs revenue in 1925-26 amounts to 47,83 lakhs or 30 lakhs more than the Budget estimate. The outstanding variations are in the import duties on sugar and cotton piece-goods, protective duties and the cotton excise duty. The heavy fall in the prices of sugar has stimulated imports very largely and the duty being now specific and not *ad valorem*, the receipts on this account are expected to be 1,30 lakhs more than estimated. There is also a large increase of 80 lakhs under protective duties on iron and steel, etc. (partly counterbalanced by a decrease under the 10 per cent. duty goods). The new protective duty on paper is expected to yield 12½ lakhs in the current year. On the other hand the yield from the import duty on cotton piece-goods has been very disappointing. The January figures are more encouraging and show the possibility of larger imports in the near future. For the current year, however, the present estimate is about 1,25 lakhs less than the Budget. The cotton excise duty was suspended from 1st December and the total receipts on that account are expected to be 1,44 lakhs against an estimate of 2,15 lakhs. Variations under the other heads are comparatively less important. There are increases under the import duties on motor-cars, rubber tyres and tobacco, the export duty on rice and the excise duty on motor spirit, counterbalanced by decreases under other heads, *e.g.*, the export duty on jute. There are also expected to be savings to the extent of 20 lakhs under refunds. The net receipts from Customs are therefore expected to be in the aggregate 50 lakhs more than estimated.

8. The Budget estimate for 1926-27 takes gross receipts at 47,40 lakhs which is 43 lakhs lower than the revised estimate of the current year. The estimate is based mainly on the revised estimate and has been framed in the expectation of a normal growth of revenue under most heads. In particular, the yield from the import duty on cotton piece-goods has been put at 7 crores in the hope of a revival of trade. Though this is considerably higher than in the current year, it is lower than the realised revenue in 1924-25 which amounted to 7,74 lakhs. Suitable allowance has been made for the probability of a decrease in the yield from the import duty on sugar which has been extraordinarily high in the current year. Excluding the cotton excise duty in both years, the total gross receipts are about a crore higher than in the revised estimate for 1925-26.

9. The details are as follows :—

	Accounts, 1922-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
REVENUE.						
SEA CUSTOMS.						
Imports.						
<i>Non-protective Special Duties.</i>						
1. Liquors—						
(a) Ale, Beer, Porter, Cider and other fermented Liquors	15-49	14-08	16-23	16-50	17-50	18-00
(b) Spirits and Liqueurs	2,10-19	2,00-88	2,19-99	2,30-00	2,20-00	2,10-00
(c) Wines	10-78	11-23	14-10	14-00	14-00	14-00
2. Sugar, all sorts	4,40-95	3,33-23	5,76-00	5,10-00	6,40-00	5,70-00
3. Tobacco	1,54-76	1,67-63	1,73-72	1,36-00	1,70-00	1,76-00
4. Coal, coke and patent fuel	4-80	3-02	2-63	3-00	2-50	2-50
5. Mineral oils	1,10-89	1,27-79	1,43-39	1,40-00	1,45-00	1,42-00
6. Arms, Ammunition and Military Stores	6-27	6-20	6-64	9-00	9-00	9-00
7. Opium	02	03	03	...	03	—
8. Cotton yarn and thread	48-86	42-74	51-41	63-00	43-00	46-00
9. Cotton piece-goods	6,39-03	6,16-12	7,73-76	7,30-00	6,05-00	7,00-00
10. Silk mixtures . . . . .	...	...	...	...	3-50	4-50
11. Matches	1,63-63	1,36-01	1,35-66	1,20-00	1,15-00	1,12-00
12. Match Splints and Veneers						
<i>Duty at 2½ per cent.</i>						
13. Machinery	63-33	56-83	42-88	45-00	43-50	44-00
14. Other articles	2-00	1-54	1-16	2-00	1-00	1-00
<i>Duty at 10 per cent.</i>						
15. Metals—Iron and Steel	1,84-08	1,73-11	84-12	60-00	40-00	40-00
16. Railway plant and rolling stock	1,07-02	62-66	47-40	55-00	37-00	37-00
17. Other articles	2-60	6-53	1-65	3-00	1-50	2-00
<i>Duty at 15 per cent.</i>						
18. Articles of Food and Drink (excluding sugar and vinegar)	1,22-54	1,27-43	1,39-15	1,40-00	1,60-00	1,56-00
19. Raw materials and articles mainly unmanufactured	74-71	65-78	63-68	66-00	70-00	74-00
20. Articles wholly or mainly manufactured—						
(a) Cutlery, hardware, implements and instruments	1,33-40	1,13-50	1,19-97	1,32-00	1,25-00	1,30-00
(b) Metals other than Iron and Steel	1,07-34	96-66	1,12-97	1,25-00	1,06-00	1,10-00
(c) Yarns and textile fabrics (other than cotton manufactures)	76-66	1,03-67	1,42-91	1,40-00	1,42-00	1,45-00
(d) All other articles wholly or mainly manufactured	3,78-69	3,76-32	3,99-46	4,20-00	3,20-00	4,00-00
21. Miscellaneous	52-74	53-07	56-46	60-00	55-00	55-00
Carried over	31,00-29	26,96-06	33,18-97	31,29-50	31,47-52	32,08-00

	Accounts, 1921-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
REVENUE—cont'd.						
SEA CUSTOMS—cont'd.						
IMPORTS—cont'd.						
Brought forward	31,00'39	28,98'08	33,18'97	31,90'50	31,47'52	33,08'09
<i>Duty at 30 per cent.</i>						
22. Motor cars and cycles	56'06	74'13	79'44	80'00	1,05'00	1,05'00
23. Silk piece-goods and other manu- factures of silk	80'62	61'55	90'05	90'00	80'00	90'00
24. Pneumatic rubber tyres and tubes	32'42	29'73	27'89	30'00	48'00	50'00
25. Other articles	96'52	96'72	96'59	1,05'00	1,03'90	1,05'00
<i>Protective Special Duties</i>						
26. Coal tubs						
27. Iron and Steel			2,25'77	1,50'00	2,60'00	2,33'00
28. Railway track material					12'50	20'00
29. Paper and Stationery						
<i>Government stores.</i>						
30. Railway plant and rolling stock			60'26	65'00	95'00	1,00'00
TOTAL IMPORTS	33,66'23	31,77'81	39,00'90	37,00'50	38,51'03	39,13'00
32. Export duties—						
(a) Hides and skins, raw	42'00	25'33	26'75	25'00	33'00	35'00
(b) Jute (raw and manu- factured)	3,29'25	3,57'90	3,75'94	3,75'00	3,52'00	3,60'00
(c) Rice	1,08'08	1,19'22	1,23'97	1,15'00	1,36'00	1,36'00
(d) Tea	44'41	50'08	49'13	50'00	50'00	52'00
(e) Government Stores			05		05	
33. Sea Customs—Miscellaneous	11'90	11'10	13'50	14'00	11'50	12'00
34. Land Customs	20'78	15'67	20'74	24'00	21'00	22'00
35. Excise Duty on Cotton Manu- factures	1,87'34	1,56'52	2,17'67	2,15'00	1,44'00	
36. Excise Duty on Motor Spirit	64'09	65'15	78'36	60'00	60'00	85'00
37. Excise Duty on Kerosene	93'33	95'16	96'39	1,00'00	99'00	1,00'00
38. Warehouse and wharf rents and Miscellaneous	4'79	5'29	5'39	5'50	5'00	5'00
TOTAL RECEIPTS	42,73'05	40,51'11	49,10'88	47,53'00	47,53'57	47,40'00
<i>Deduct—Refunds</i>	1,37'40	1,11'47	3,65'68	1,18'00	96'00	1,00'00
TOTAL REVENUE	41,35'65	39,39'64	45,45'20	46,35'00	46,57'57	46,40'00
EXPENDITURE.						
India	69'30	69'47	75'13	81'81	81'06	69'55
England	57	1,29	1'45	2'01	1'31	1'45
Exchange	45	80	54	57	43	46
TOTAL	79'32	71'56	77'12	84'39	83'80	81'46

TAXES ON INCOME.

(In lakhs of rupees.)

	Revenue (Receipts less refunds and Provincial Government's share of Income-tax revenue).	Expenditure.	Net revenue.
1922-23	17,99.41	44.56	17,54.85
1923-24	18,23.56	62.67	17,60.89
1924-25	16,01.48	60.38	15,41.10
1925-26 { Budget	17,34.87	66.56	16,68.31
{ Revised	16,24.69	61.02	15,63.67
1926-27 Budget	16,14.67	67.73	15,46.94

10. The gross receipts under this head during 1925-26 are expected to amount to 17,88 lakhs against a Budget estimate of 18,57 lakhs. The decrease of 69 lakhs is divided fairly evenly between Income-tax and Super-tax. The decrease in the former is 39 lakhs and practically all is in Bombay (36 lakhs). The increases in Bengal (8 lakhs) and in Burma (15 lakhs) practically counterbalance decreases in other Provinces. In the matter of Super-tax collections, too, Bombay has fared worst; of the total decrease of 30 lakhs that Province accounts for 24 lakhs. The difficult times through which the cotton mill industry passed in 1924-25 and 1925-26 constitute the main reason of the decrease. The total amount of refunds is now expected to exceed the original estimate by 42½ lakhs. There is on the other hand a slight decrease in the share of Provincial Governments of Income-tax revenue under the Devolution Rules. The net decrease is therefore 1,10 lakhs.

11. The estimate for 1926-27 is based generally on the revised estimate, making due allowance for a possible further decrease in the receipts in Bombay. Slight increases are expected mainly in Burma and Madras, partly set off by decreases elsewhere. On the whole, the total gross revenue is expected to be 16 lakhs less. Refunds on the other hand are expected to be about 7 lakhs less. The net revenue, after deducting refunds and the share of Provincial Governments is thus 10 lakhs less. The following tables give details of the revenue, including the shares of the Provincial Governments.

REVENUE.	Accounts, 1922-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
EXCESS PROFITS DUTY.						
1. N.-W. Frontier . . . . .	...	...	...	...	...	...
2. Madras	03	...	05	...	...	...
3. Bombay	100	...	...	...	...	...
4. Bengal	47	05	15	...	01	01
5. United Provinces . . . . .	...	...	...	...	...	...
6. Punjab . . . . .	...	14	...	...	...	...
7. Bihar and Orissa . . . . .	...	...	...	...	...	...
TOTAL	150	19	23	...	01	01

	Accounts, 1922-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1925-27.
				Budget	Revised.	
SUPER-TAX.						
1. India	15	2 63	1 23	2 36	2 33	2 09
2. Baluchistan	—	—	—	—	15	15
3. N.-W. Frontier	34	40	34	36	46	34
4. Madras	34 44	32 79	21 35	27 00	23 00	26 00
5. Bombay	3 53 32	2 08 90	1 37 4	1 35 01	1 11 69	67 00
6. Bengal	1 96 63	2 64 95	2 25 31	2 45 00	2 47 91	2 41 10
7. United Provinces	27 79	22 49	16 53	20 00	21 40	20 19
8. Punjab	10 34	9 77	6 90	8 55	7 55	6 90
9. Burma	59 06	51 41	56 56	55 00	60 74	68 00
10. Bihar and Orissa	16 49	9 55	6 54	13 00	6 00	6 00
11. Central Provinces	25 71	17 54	12 94	13 70	8 50	8 50
12. Assam	06	1 12	4 09	1 50	3 00	3 00
TOTAL	7,23 15	6,17 13	4,79 02	5,23 29	4,93 08	4,68 00
INCOME-TAX.						
1. India General—						
Civil	31 22	31 54	32 43	30 64	29 83	29 37
Non-Civil Departments	62 01	65 00	50 21	57 19	56 73	56 22
2. Delhi	6 27	8 27	6 33	9 00	9 08	9 74
3. Baluchistan	86	95	1 07	1 03	1 35	1 23
4. North-West Frontier	9 87	11 47	7 65	9 14	8 39	8 59
5. Madras	1 32 12	1 57 17	1 18 16	1 35 00	1 31 00	1 36 00
6. Bombay	4 81 73	4 08 79	3 13 10	3 13 53	2 77 42	2 45 00
7. Bengal	3 19 09	3 62 25	3 50 15	3 78 21	3 86 18	3 9 00
8. United Provinces	64 47	70 73	64 94	77 73	70 63	69 00
9. Punjab	78 37	77 19	63 53	77 05	69 70	74 00
10. Burma	1 23 75	1 26 96	1 31 31	1 45 71	1 60 97	1 70 00
11. Bihar and Orissa	45 26	39 09	39 43	38 88	38 00	40 00
12. Central Provinces	45 53	45 35	39 99	40 10	37 71	34 50
13. Assam	9 83	13 85	20 08	18 55	18 49	18 50
14. Coorg	1 9	1 9	22	23	24	23
TOTAL	15,31 13	14,10 80	12,40 36	13,33 24	12,94 51	13,03 22
Total Receipts from Taxes on Income	22,55 78	20,28 13	17,19 61	18,56 53	17,87 55	17,71 23
Deduct—Refunds—						
India	4,41 84	1,79 01	96 75	90 82	1,33 33	1,26 23
England	—	—	1 21	4 00	4 00	4 00
Exchange	—	—	41	1 34	1 31	1 33
	18,13 94	18,49 12	16,21 34	17,00 37	16,48 91	16,39 67
Deduct—Share of Provincial Govern- ments in Income-tax revenue under the Devolution Rules	14 53	25 67	19 76	25 50	24 22	26 00
Total Revenue of the Central Gov- ernment	17,00 41	18,23 55	16,01 48	17,34 87	16,24 69	16,14 67
EXPENDITURE.						
India	43 95	62 76	59 29	65 40	59 81	66 59
England	40	28	29	27	21	25
Exchange	21	13	30	29	30	29
TOTAL	44 56	62 67	60 38	66 56	61 02	67 73
Distributed as follows—						
Payments to Provincial Govern- ments	6 37	19 55	11 16	5 51	3 71	1 13
Direct expenditure of Central Government	38 19	43 12	49 22	60 95	57 31	66 55

Amount of Income Tax Revenue payable to Provincial Governments.

	Accounts, 1922-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
Madras . . . . .	...	10.82	1.57	2.00	2.87	3.00
Bombay	3.00	...	...	...	...	...
Bengal . . . . .	...	...	...	...	...	...
United Provinces . . . . .	.33	...	...	...	...	...
Punjab	5.69	4.24	1.90	4.94	5.63	5.12
Burma . . . . .	...	.38	5.90	8.28	7.84	9.32
Bihar and Orissa	2.87	2.55	2.55	4.88	3.38	3.06
Central Provinces	1.49	3.42	2.30	...	...	...
Assam	1.15	4.16	5.54	5.40	4.50	4.50
Coorg . . . . .	...	...	...	...	...	...
TOTAL	14.53	25.57	19.76	25.50	24.22	25.00

12. The following table shows the distribution by Provinces of the net revenue of the Central Government from Super-tax and Income-tax after deducting refunds and the share payable to Provincial Governments under the Devolution Rules :—

	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
		Budget.	Revised.	
Madras	1,30	1,52	1,43	1,51
Bombay	4,04	4,27	3,53	3,26
Bengal	5,55	6,11	5,96	5,96
United Provinces	79	92	90	87
Punjab	59	77	66	72
Burma	1,72	1,65	1,74	1,91
Bihar and Orissa	39	43	36	38
Central Provinces	43	51	41	37
Assam	18	14	16	16
Minor Administrations and Non-Civil Departments.	1,09	1,08	1,05	1,06
England (including Exchange)	—2	—5	—5	—5
TOTAL	16,01	17,35	16,25	16,15

SALT.

(In lakhs of rupees.)

	Revenue (Receipts less Refunds.)	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.
1922-23	6,83-46	1,51-36	5,31-10
1923-24	10,01-51	1,36-12	8,65-39
1924-25	7,39-05	1,27-40	6,11-65
1925-26 { Budget	6,95-00	1,51-30	5,43-70
{ Revised	6,40-00	1,41-94	4,98-06
1926-27 Budget	6,90-00	1,43-68	5,46-32

13. The stocks of salt accumulated in the hands of traders as a result of the rush for replenishing stocks in March 1924 on the reduction of the duty were being gradually worked off during the year and the receipts specially during the earlier part of the year have been below normal. It is now expected that the total revenue will be 55 lakhs less than the Budget Estimate. The greatest portion of the decrease is in the Northern India Salt Revenue, (38 lakhs) where the rush was keenest. Bombay and Bengal account for about 10 lakhs each; on the other hand, there is a small compensating saving under Refunds.

14. It is expected that accumulations would have been worked off by the end of the year 1925-26, and that collections next year will not be disturbed by abnormal factors.

15. Details of revenue and expenditure are given below.

	Accounts, 1922-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1924-27.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	2,08-11	2,26-46	1,43-93	1,79-71	1,41-30	1,77-36
Madras (a)	1,56-78	2,14-17	1,94-39	1,46-19	1,45-14	1,49-19
Bombay (a)	1,53-30	2,25-98	1,75-49	1,64-55	1,45-40	1,64-23
Bengal (b)	1,64-96	1,63-03	2,37-64	1,77-40	1,67-73	1,79-73
Burma (b)	31-50	61-78	34-53	34-27	34-16	34-30
Bihar and Orissa	01	—	—	01	01	01
Assam	—	—	01	01	01	01
TOTAL RECEIPTS	7,31-66	10,12-36	7,56-78	7,04-06	6,63-94	6,95-78
Deduct—Refunds	49-90	20-27	49-73	3-05	3-94	5-78
TOTAL REVENUE	6,83-46	10,01-51	7,39-05	6,96-00	6,60-00	6,90-00

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported salt.

	Accounts, 1922-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
EXPENDITURE.						
Cost of salt purchased by Govern- ment	17-76	21-28	14-47	16-60	11-23	13-24
Assignments and compensations	40-09	37-54	36-38	38-35	40-21	39-28
Interest . . . . .	...	...	3-01	3-38	3-65	4-23
Depreciation . . . . .	...	...	2-00	3-01	3-01	3-35
Other charges	92-63	76-54	62-87	74-17	72-31	72-67
Capital Outlay on salt works . . . . .	...	...	7-20	14-93	10-44	16-20
Total India	1,50-47	1,35-36	1,26-53	1,50-34	1,41-54	1,43-38
England	58	52	63	72	30	54
Exchange	31	24	24	24	16-10	18
TOTAL	1,51-36	1,36-12	1,27-40	1,51-30	1,41-04	1,43-08

OPIMUM.

	Provision and medical (less refunds.)	Excise opium and mis- cellaneous.	Total revenue (less refunds.)	Purchase of opium.	Other charges.	Total expenditure.	Net revenue.	
1922-23	2,93-09	86-63	3,79-72	1,67-35	19-26	1,86-61	1,92-31	
1923-24	3,17-37	1,07-45	4,24-82	2,39-12	19-68	2,58-80	1,66-02	
1924-25	2,74-47	1,05-29	3,79-76	2,14-68	20-75	2,35-43	1,44-19	
1925-26	Budget	2,34-09	1,21-78	3,55-85	1,58-74	21-55	1,80-29	1,75-56
	Revised	2,93-00	1,46-00	4,39-00	1,93-29	31-61	2,14-90	2,24-10
1926-27 Budget	2,90-00	90-00	3,80-00	1,35-00	19-41	1,54-41	2,25-59	

16. The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries, and from the sale to Provincial Governments of excise opium for internal consumption in India. The latter is sold to Provincial Governments at a fixed price based on the cost of production, and retailed by them to licensed vendors at rates fixed by them which vary from Province to Province. Opium is exported to foreign countries only after the prescribed import certificate from the Government of the importing country is produced. The greater part is exported under the system of direct sales to Foreign and Colonial Governments. The rest is sold by auction in Calcutta to traders for export to foreign countries the Governments of which have not entered into such arrangements. The Government of India propose to discontinue altogether the system of auction sales of opium as soon as the agreement for direct sale now being negotiated with the Government of French Indo-China is concluded.

17. Various factors have contributed to the increase in receipts in the current year as compared with the Budget Estimate. The stocks of excise opium at treasuries on 1st April 1925, which were taken over and paid for by Provincial Governments were higher; the opium sold direct to foreign Governments was more, partly on account of 400 chests which were expected to be exported in the first-quarter of the calendar year 1925 being delayed, so that the receipts in connection therewith actually accrued in the current, instead of the last, financial year; the receipts from auction sales in Calcutta began to improve after the early months of the year to an unexpected extent; and there were certain unforeseen receipts from the sale of medical opium.

18. The expenditure under Opium consists mainly of the cost of purchase of crude opium from cultivators in the United Provinces and from certain Indian States and of its manufacture at Ghazipur. The revised estimate of the year 1925-26 exceeds the Budget by 35 lakhs; the crop during the last season in the United Provinces was exceptionally good and consequently the provision made in the Budget was found to be too small. A supplementary grant of 50·96 lakhs was voted by the Assembly in September 1925, but, owing to savings elsewhere, the full amount proved to be unnecessary.

19. The revenue estimates for 1926-27 differ from the revised estimate for 1925-26 mainly under excise opium. This difference is due to the fact that the current year's revenue includes a large receipt from Provincial Governments on account of the stocks of opium held in treasuries on the 1st of April 1925. The large decrease in expenditure is due to a drastic reduction in cultivation.

OTHER PRINCIPAL HEADS OF REVENUE AND DIRECT DEMANDS ON THE REVENUES.

	Revenue.	Expenditure.	Net revenue.
1922-23 Actuals	2,34·00	68·90	1,65·10
1923-24 "	2,28·56	15·10	2,13·46
1924-25 "	2,06·93	43·75	1,63·18
1925-26 { Budget	2,23·14	79·40	1,43·74
{ Revised	2,19·05	63·63	1,55·42
1926-27 { Budget	2,25·43	59·04	1,66·39

20. These comprise the following heads of account—Land Revenue, Excise, Stamps, Forest, Registration and Tributes from Indian States. The decrease in expenditure in Revised is explained by the transfer of the expenditure on the Security Printing Press at Nasik to capital. The decrease in Budget as compared with Revised is due to larger recoveries anticipated on account of sales of stamps.

POSTS AND TELEGRAPHS.

	Accounts, 1922-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
INDIAN POSTAL AND TELEGRAPH DEPARTMENT.						
Gross Receipts	9,67'03	9,90'72	9,97'28	10,41'32	10,33'47	10,64'68
WORKING EXPENSES—						
India	8,55'58	8,81'06	8,83'01	9,64'28	9,47'53	10,09'95
England	2'57	16'37	10'03	8'73	6'88	5'06
Exchange	1'37	7'15	4'09	2'91	2'35	1'59
TOTAL	8,59'63	9,05'48	8,97'08	9,75'92	9,56'66	10,17'50
NET RECEIPTS	1,07'51	85'24	1,00'25	65'40	66'81	47'15
EXPENDITURE CHARGED TO REVENUE.						
Interest	59'16	63'89	68'00	66'00	49'00	57'00
NET REVENUE	48'35	21'35	31'65	—'60	17'80	—'85
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	—38'74	—50'51	—56'99	—95'41	—1,48'06	20'02
England	38'15	12'12	10'45	...	...	...
Exchange	20'37	8'54	8'83	...	...	...
TOTAL	21'78	—32'85	—42'71	—95'41	—1,48'06	20'02
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	65'62	75'21	1,17'56	1,93'88	2,07'55	44'02
England . . . . .	...	...	...	14'01	10'11	12'71
Exchange . . . . .	...	...	...	4'67	3'29	4'24
TOTAL	65'62	75'21	1,17'56	2,12'36	2,20'95	60'97
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
Gross Receipts—						
India	22'24	17'07	29'38	33'10	23'75	23'64
England	15'72	16'49	8'27	5'40	10'40	7'80
Exchange	8'15	7'66	3'06	1'60	3'40	2'60
TOTAL	46'11	41'42	40'71	40'30	37'55	34'04
WORKING EXPENSES—						
India	30'32	29'29	25'77	36'66	34'28	34'09
England	'66	'85	'69	'70	1'28	1'18
Exchange	'34	'40	'26	'23	'42	'40
TOTAL	31'32	30'54	29'72	37'59	35'98	35'67
NET RECEIPTS	14'79	10'88	10'99	2'71	1'57	—'63
EXPENDITURE CHARGED TO REVENUE—						
Interest . . . . .	...	...	...	3'66	4'26	5'10
NET REVENUE	14'79	10'88	10'99	—'95	—'69	—'67
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	—5'87	—4'39	—4'94	—4'73	—11'66	3'65
England	1'28	—'99	7'85	1'73	1'79	'03
Exchange	'65	—'38	2'58	'58	'58	'61
TOTAL	—3'95	—5'66	4'99	—3'42	—9'13	3'69
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India . . . . .	...	...	...	—'83	6'53	—'65
England . . . . .	...	...	...	1'60	1'05	1'50
Exchange . . . . .	...	...	...	'50	'34	'50
TOTAL	...	...	...	1'17	7'97	—'65

INDIAN POSTAL AND TELEGRAPH DEPARTMENT.

21. The estimated amount of gross receipts in revised is about 18 lakhs less than in the Budget Estimate. There has been a serious fall in telegraph receipts, the estimate of which based on the briskness of telegraph traffic at the end of 1924 proved to have been too optimistic. Detailed calculations have shown that the actual amount payable to Provincial Governments as their share of the revenue from unified stamps is about 47½ lakhs, instead of 42 lakhs as provided for on a rough estimate. On the other hand, the working expenses are 19 lakhs lower. Part of this improvement is due to the correction in the current year's accounts of a previous wrong adjustment to the extent of about 8 lakhs under stationery and printing charges.

22. In 1926-27 the increase under expenditure as compared with the revised estimate is nearly 61 lakhs, while the increase in revenue is only 41 lakhs. Part of the increase is due to the fact that the provision for postal stationery and stamps is 13 lakhs higher, owing to the expenditure in 1925-26 being abnormally low, as the Department was using up stocks previously accumulated. The increased expenditure on travelling allowances owing to the withdrawal of free railway passes is about 10 lakhs. A sum of about 15 lakhs has been included in the Budget for the grant of concessions to postal employees.

23. The decrease in the revised estimate in the charges for interest and the increase in the credits to revenue under the head 'Capital outlay charged to revenue,' on account of the transfer of postal and telegraphic stores transferred to Capital, have been explained in the Finance Member's Budget speech. The rest of the difference in the latter head is due to a saving in the expenditure incurred on postal buildings.

24. As a result of the transfer of stores suspense to Capital, there are no credits in 1926-27 taken as a reduction of expenditure under the head 'Capital outlay charged to revenue'. The estimate of expenditure on postal buildings is about 20 lakhs.

25. The expenditure under Capital outlay not charged to revenue includes from the year 1925-26 the accounts of Stores and Workshops Suspense. The details are as follows :—

	Budget, 1925-26.	Revised, 1925-26.	Budget, 1926-27.
	Rs.	Rs.	Rs.
Capital Expenditure proper . . .	1,42-64	98-32	89-11
Stores and Workshop Suspense . . .	69-72	1,22-63	—27-14
Total . . .	2,12-36	2,20-95	60-97

26. There are large savings in the current year in capital expenditure due to the capital programme provided for in the Budget not having been worked up to in full. The Budget for 1926-27 is based on a more careful estimate of probable requirements for expenditure during the year. The variations in Stores Suspense account mainly for the net expenditure in 1926-27 being so markedly below the expenditure in 1925-26. In the current year the transfer of Stores balances to Capital has swelled the expenditure under this head; in the next year issues from balances are expected to exceed fresh purchases.

INDO-EUROPEAN TELEGRAPH DEPARTMENT.

27. Both the gross receipts and the working expenses in 1925-26 are less than anticipated, but the fall in the latter is insufficient to counterbalance the fall in the former. The estimates for 1926-27 anticipate a further fall in receipts, the reasons for which are not quite clear. The position is being investigated. The transfer of stores from Capital outlay charged to revenue to Capital outlay not charged to revenue in the current year is responsible for part of the decrease in the former head and the increase in the latter.

INTEREST RECEIPTS.

	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
		Budget.	Revised.	
India	92.24	97.91	87.33	74.41
England { Interest on tempo- { rary investment { of cash balances, { etc.	48.27	27.10	48.13	32.03
{ Excess of Gold { Standard Reserve { over £40 millions	1,34.71	1,69.80	1,90.00	1,72.50
Exchange	65.78	65.63	77.73	68.17
Total	3,41.00	3,60.44	4,03.19	3,47.11

28. The receipts in the current year are abnormally high on account of the unusually high rates for short money in London and the high cash balances available for investment, Home remittances having been on a larger scale than anticipated, owing to heavy trade demand for them.

INTEREST PAYMENTS.

	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
		Budget.	Revised.	
<i>Interest on debt—</i>				
<i>Gross payments—</i>				
India	20,30.20	20,58.96	20,66.80	20,55.45
England	12,55.60	13,07.64	13,07.04	13,04.04
Exchange	4,70.23	4,35.88	4,26.65	4,34.68
Total	37,56.03	38,02.48	38,00.49	37,94.17
<i>Deduct—Amounts charged to—</i>				
Railways	21,22.99	23,36.66	22,96.71	24,38.21
Irrigation	11.98	12.50	12.05	12.05
Posts and Telegraphs	68.60	69.66	53.26	62.10
• Other Commercial Departments	3.01	3.38	6.50	11.11
Provincial Loans Fund	4,21.55	4,95.34	5,11.76	5,29.82
Total deductions	26,28.13	29,17.54	28,80.28	30,53.29
Total Interest on Ordinary Debt (net)	11,27.90	8,84.94	9,20.21	7,40.88

	1925-26.			
	Accounts, 1924-25.	Budget.	Revised.	Budget, 1926-27.
<i>Interest on other obligations—</i>				
On Postal Savings Bank balances	71·21	75·73	75·18	80·55
On Provident Funds	1,85·05	2,16·68	2,18·08	2,37·52
Bonus on Postal Cash Certificates	16·31	25·00	16·00	15·00
On Fixed Deposits of Provincial Governments . . . . .	...	10·00	7·48	20·00
On Reserve and Depreciation Funds	21·29	33·11	54·92	81·54
Other items	68·07	71·10	65·07	77·64
	<hr/>	<hr/>	<hr/>	<hr/>
Total	3,61·93	4,31·62	4,36·73	5,12·25
	<hr/>	<hr/>	<hr/>	<hr/>
Total Interest payments	14,89·83	13,16·56	13,56·94	12,53·13

29. The present procedure for calculating the rate of interest charged on the capital outlay on commercial departments makes a distinction between expenditure incurred up to the end of 1916-17, and expenditure thereafter. The former is fixed at 3·3252 per cent. The latter is variable. For any year, it is the average rate paid by the Government on borrowings during the period from 1st April 1917 to the end of the year in question. As the Government at present issue loans every year at varying rates of interest, the rate changes every year, and the actual rate for any year cannot be accurately estimated beforehand.

30. The actual amounts transferred depend not only on the rate which is itself variable but also on the actual capital expenditure during the year which, again, it is not easy to forecast accurately.

31. The actual variations in the current year have been fully explained in paragraph 16 of the Finance Member's Budget speech. Briefly the decrease of 40 lakhs in the transfer to Railways is due mainly to the procedure described above; the decrease in the amount transferred to Posts and Telegraphs is due to the revaluation of the Block Account of assets of the department, but as the investigations are not complete, the revised figure is only a rough approximation; the increase under the Provincial Loans Fund is due to the unexpected payment by the Government of Bombay of interest on some of their loans for 15 months instead of 12, so as to make payments up to the end of the financial year. But for this, there would have been a decrease on account of the requirements of Provincial Governments being much lower than anticipated. The increase in gross payments was due to the amount provided for the new loan proving insufficient; it is covered by savings in exchange.

32. The net payments of interest on debt in 1926-27 show a considerable decrease on account of the fact that capital expenditure (including Provincial Governments' transactions) was met in the current year without further borrowings.

REDUCTION OR AVOIDANCE OF DEBT.

33. Under the scheme of debt redemption adopted by the Government of India for the five years 1925-26 to 1929-30, the annual charge against the revenues of India for the purpose of making provision for the reduction or avoidance of debt is made up of

- (a) a sum of 4 crores, and
 (b) such additional sum as is equal to one-eightieth of any excess shown in the total of the debt outstanding on the 31st of March of the preceding year over the total outstanding on the 31st March 1923.

34. The amount required under this scheme is 4,77.36 lakhs in 1925-26, and 4,82.63 lakhs in 1926-27. The figures on which the calculation is based are given below :—

	(In lakhs of rupees, sterling amounts being converted at Rs. 15 per £.)		
	31st March 1923.	31st March 1925.	31st March 1926 (Estimate).
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve	3,61.42	3,70.38	3,68.35
Sterling Debt	3,63.95	4,23.31	4,27.14
Unfunded Debt	62.56	81.39	93.57
Capital value of the liabilities undergoing redemption by way of Terminable Railway Annuities	91.97	88.25	86.30
	<u>8,79.90</u>	<u>9,63.33</u>	<u>9,75.36</u>
<i>Deduct—</i>			
Discount included above but separately provided for	8.23	10.83	10.69
Advances to Provincial Governments other than those representing pre-Reform Irrigation debt	24.89	43.83	51.79
	<u>33.12</u>	<u>54.66</u>	<u>62.48</u>
	<u>8,46.78</u>	<u>9,08.67</u>	<u>9,12.88</u>
Excess over outstanding debt on 31st March 1923		61.89	66.10
4 th of above		77.36	82.63

35. In the year 1925-26, the amount of Customs duty on capital stores is to be added to the above provision. The original estimate of the amount required for this purpose was 24 lakhs and this sum was voted by the Assembly in March 1925. The revised estimate is 20 lakhs. The total charge under the head Reduction or avoidance of debt is thus 4,97.36 lakhs. The provision for 1926-27 does not include any amount on account of Customs duty on capital stores, it having been decided to discontinue this procedure from the beginning of the year 1926-27. On the other hand it includes a provision of 16 lakhs under clause 7 of the Finance Bill, 1926, which runs as follows :—

“The balance of all monies accruing to the Governor General in Council after the 31st day of March, 1926, as the share of British India in the annuities payable by Germany under the agreement between the Allied Governments and the German Government signed at London on the 30th day

of August 1924, which remains after payment out of such monies of such amounts as may be payable to local authorities or other persons by way of reparation for loss or damage due to enemy action in the late war, shall be appropriated and applied for the purpose of the reduction or avoidance of public debt."

36. The actual deductions on account of amounts payable to local authorities or other persons is not definitely known at present, and the full estimated amount of receipts is taken as the charge on account of reduction or avoidance of debt. If there are any payments actually made in the year to local authorities, or other persons, the Budget as a whole will not be affected, as they will be deducted before determining the amount to be charged to debt redemption. The total provision is thus 4,93.63 lakhs of which the amount of 4,26.57 lakhs is non-voted, as below :—

Sinking fund provision for 5 per cent. rupee loans	1,36.04
Capital portion of railway annuities (£1,347,200, equivalent at 18d. the rupee to)	1,79.63
Railway sinking funds (£200,000 equivalent at 18d. the rupee to)	26.66
Capital portion of liabilities assumed in respect of British 5 per cent. War Loan 1929-47 (£511,800 equivalent at 18d. the rupee to).	68.24
Reparation receipts	16.00
TOTAL	4,26.57

The balance of 72.06 lakhs is voted.

CIVIL ADMINISTRATION.

	Revenue.	Expenditure.	Net Expenditure.	
1922-23	44.34	9,94.32	9,49.98	
1923-24	68.61	9,33.97	8,65.46	
1924-25	73.98	10,12.59	9,38.61	
1925-26 {	Budget	72.60	10,97.98	10,25.38
	Revised	83.10	11,25.27	10,42.17
1926-27 Budget	77.86	11,45.30	10,67.44	

37. The increase in the revised estimate is caused mainly by the provision of 50 lakhs for the Indian Archaeological Fund.

38. The Budget estimate includes among others provision for the Public Service Commission, for the United Provinces experiments on the separation of accounts and audit, for increased grants to the Aligarh, Benares and Delhi Universities and to the Indian Research Fund Association, for expansion of the new Forest Research Institute, Dehra Dun, for new light vessels in Burma, and reconditioning pilot vessels in Bengal and for the construction of certain Frontier Constabulary quarters.

CURRENCY AND MINT.

	Revenue.	Expenditure.	Net Revenue.
1922-23	3,62-03	1,03-10	2,58-93
1923-24	3,12-74	99-07	2,13-67
1924-25	3,99-33	71-41	3,27-92
1925-26 { Budget	4,08-07	73-47	3,34-60
{ Revised	4,61-55	71-94	3,89-61
1926-27 Budget	4,29-68	78-24	3,51-44

39. The increase in the revised estimate is mainly under interest receipts in respect of Paper Currency Reserve investments in England due to the amounts available for investment being larger and rates of interest being higher than usual. The profits on circulation of nickel coin have also been somewhat higher than anticipated.

40. The Budget estimate for 1926-27 does not provide for any receipts on account of interest on emergency currency issued to the Imperial Bank of India against internal bills of exchange. In view of the monetary conditions prevailing at present, it is not expected that any such issue will be necessary. In other respects, it assumes more normal conditions than prevailed in the current year.

MISCELLANEOUS.

	Revenue.	Expenditure.	Net Expenditure.
1922-23	62-47	5,20-56	4,58,09
1923-24	94-78	4,46-50	3,51-72
1924-25	45-90	4,35-32	3,89-42
1925-26 { Budget	43-21	4,01-94	3,58-70
{ Revised	42-57	4,51-83	4,09-31
1926-27 Budget	39-27	3,96-31	3,57-04

41. The revised estimate includes the cost of certain Commissions for which provision had not been made in the Budget and certain unforeseen payments such as a payment of about 18 lakhs to the Government of Madras on account of pensions paid at Bangalore and Trivandrum from 1921-22 and wrongly debited to Madras hitherto, and another of over 8 lakhs to the Government of Bombay on account of arrear claims such as rates and taxes on Central buildings, etc. It also includes about 8 lakhs on account of a correction of a wrong adjustment in previous years in connection with stationery and printing work for the Posts and Telegraphs Department.

PROVINCIAL CONTRIBUTIONS AND MISCELLANEOUS
ADJUSTMENTS BETWEEN CENTRAL AND
PROVINCIAL GOVERNMENTS.

	Revenue.	Expenditure.	Net Revenue.
1922-23	9,26-86	3-93	9,22-93
1923-24	9,21-55	37-99	8,83-56
1924-25	9,25-21	50-74	8,74-47
1925-26 { Budget	6,22-14	15-74	6,06-40
{ Revised	6,24-26	14-32	6,09-94
1926-27 Budget	5,45-12	6-00	5,39-12

42. The Budget estimate of receipts includes only the contributions from Provincial Governments under the Devolution Rules. They are as follows :—

Madras	1,65.19
Bombay	56.00
United Provinces	1,50.85
Punjab	85.73
Burma	50.23
Central Provinces	22.00
Assam	15.00
Coorg . . . . .	.12
	5,45.12

43. The payments consist of the assignments to the Governments of Bombay, Bihar and Orissa, Central Provinces and Assam on account of Customs duty on imported stores.

EXTRAORDINARY ITEMS.

	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
		Budget.	Revised.	
Receipts—				
India	90	...	28	...
England	1,89.56	28.75	44.62	12.00
Exchange	64.06	9.58	14.57	4.00
TOTAL	2,54.52	38.33	59.47	16.00
Payments—				
India	1.02	25.00	25.77	5.00
England . . . . .	...	...	...	...
Exchange . . . . .	...	...	...	...
	1.02	25.00	25.77	5.00

44. The increase in the revised estimate of receipts is partly explained by a receipt of 9 lakhs on account of reparation receipts from Germany and the balance is due to the receipts on account of enemy ships being more than expected.

45. The receipt of 16 lakhs anticipated in the Budget estimate for 1926-27 is all on account of expected reparation receipts from Germany.

The provision of 5 lakhs under payments is required to meet enemy debts due by British Nationals in India which are irrecoverable and are payable by the Government of India in accordance with the Peace Treaty.

EXCHANGE.

46. Since the 1st April 1920, the accounts have been prepared on the basis of the rate of 2s. per rupee for the conversion of rupee transactions into sterling and *vice versa*. The sterling value of the rupee has however stood at a lower level in recent years, the average rate for the current year being expected to work out at 1s. 6 $\frac{3}{4}$ d. In consequence of this variation from the 2s. rate, large sums have to be brought to account as credits or debits on account of exchange in respect of transactions involving remittances of funds to and from the Secretary of State. These are purely book keeping transactions. Under the present system there is an accounts 'gain' by exchange when the remittances Home are less than the amounts required by the Secretary of State for his aggregate net disbursements owing to the latter being financed partly by other resources *e.g.* a sterling loan floated in London. Similarly there is an accounts 'loss' when the remittances are greater in order to meet the demands of trade as in the current year. These 'gains' and 'losses' fluctuate within very wide limits as will be seen from the following statement of balances at the end of each of the financial years from 1919-20 onwards : —

		(In crores of rupees.)
		Credit + Debit —
31st March 1920	. . . . .	+5.23
" " 1921	. . . . .	—22.85
" " 1922	. . . . .	—11.48
" " 1923	. . . . .	+5.47
" " 1924	. . . . .	+8.55
" " 1925	. . . . .	+5.40
" " 1926	. . . . .	+3.30
	(Estimate.)	
" " 1927	. . . . .	+3.58
	(Estimate.)	

47. The procedure for the allocation of exchange gains and losses is as follows. All exchange gains and losses arising in respect of remittance transactions are recorded in the first instance under a suspense head; the portion attributable to the revenue and capital accounts in respect of outlay incurred in England is calculated every month on the basis of the average of the daily telegraphic transfer rates from Calcutta on London and transferred to these accounts, and the portion relating to expenditure of Provincial Governments is similarly debited to the Provincial Governments concerned; and it is considered with reference to the circumstances of each year whether the balance remaining under the suspense head after these transfers are made should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years. As the amount remitted Home depends on the circumstances of the year and often varies widely from the estimate, it is obvious that it is practically impossible to estimate the closing balance under this suspense head. The estimated results for the years 1925-26 and 1926-27 so far as can be foreseen at the present moment are given in the next paragraph.

48. On the assumption of an average rate of exchange of 1s. 6 $\frac{3}{4}$ d. and 1s. 6d. during the current and the next year respectively, the estimated transactions are as follows :—

		(In crores of rupees.)	
Loss on :		1925-26.	1926-27.
(i)	Remittances from India for financing the Home Treasury	16.10	9.00
(ii)	Bills and telegraphic transfers drawn by Iraq for payment in India against recoveries in England . . . . .	.61	.55
(iii)	Sterling money order and other miscellaneous transactions . . . . .	.42	.38
Total Loss		17.13	9.93
		1925-26.	1926-27.
Transfers to:			
	Revenue heads (net)	7.68	7.92
	Capital heads (Railways, Posts and Telegraphs, Delhi, etc.)	3.44	4.05
	Provincial Governments . . . . .	.91	1.24
Total Transfers		12.03	13.21
	Net $\frac{\text{Credit} +}{\text{Debit}}$ under the suspense head	-5.10	+3.28
	Opening balance	+5.40	+3.0
	Closing balance	+3.0	+3.58

WAYS AND MEANS.

HOME TREASURY.

49. The bulk of the payments made in England on account of the Government of India consists normally of expenditure chargeable to the Indian revenues ; and, if the transactions of the Home Treasury were restricted only to such payments, the Ways and Means programme would be a simple arrangement, as the whole of the expenditure would ordinarily be met by remittance of funds from India. The capital outlay on the construction of Railways, however, sometimes necessitates heavy borrowing and a large portion of the money required has, when necessary, been raised in England, either direct or through the agency of Companies. Operations connected with the Gold Standard and Paper Currency Reserves, and with the replacement of one particular form or item of direct or indirect debt by another, further swell the receipts and charges of the Home Treasury without affecting ordinarily the general Ways and Means programme. Recoveries are also being effected by the Secretary of State against the drawings of the Iraq administration on India. These recoveries represent in effect remittances from India to finance the Home Treasury and reduce the amount of direct remittances which would otherwise be necessary.

50. The following is a summary of the estimated transactions of the Home Treasury :—

(In millions of £)

	Budget, 1925-26	Revised, 1925-26	Budget, 1926-27
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred	21	21	22
2. Remittances between England and India—			
(a) Recoveries on account of drawings by Iraq administration on India	170	190	165
(b) Other transactions	125	120	112
Total Receipts, excluding direct remittances and loans	316	331	299
DISBURSEMENTS.			
3. Excess of Expenditure of the Central Government over Revenue	2498	2352	2376
4. Disbursements on behalf of Provincial Governments	306	279	373
5. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways	752	766	1132
(b) Redemption of liabilities involved in purchase of Railways	258	258	...
(c) Discharge of Railway debentures	—02	07	50
(d) Other items	19	26	33
6. Discharge of Debt	215	215	306
7. Deposits and Advances	28	71	—06
Total Disbursements	4074	3974	4263
NET DISBURSEMENTS	3758	3643	3964
Remittances from India (net)	3150	4100	2700
Reduction (+) or increase (—) of cash balance	608	—457	1264
Opening Balance	1187	1352	1809
Closing Balance	579	1809	545

51. Item 2 (a) has already been explained in paragraph 46. The succeeding item relating to "Other transactions" is almost entirely made up of recoveries from the Governments of Hong-Kong, the Straits Settlements and Siam in respect of opium supplied from India under agreement.

52. Item 5 (b) represents the repayment of the share capital of the Great Indian Peninsula Railway Company when the management was taken over by the State. The item which follows it represents the net amount of railway debentures discharged. Ordinarily there are debentures falling due every year, some of which are renewed. The item does not take into account £18½ million of East Indian Railway debentures taken over as a State liability in 1924-25 or £3½ million of Great Indian Peninsula Railway debentures similarly taken over in the current year. These transactions did not affect the ways and means of the Government of India on the whole.

53. The amount shown under the head 'Discharge of Debt' includes the provision for railway sinking funds and the capital portion of railway annuities, and of the equated instalments in repayment of the war loan liability. These payments are made out of the provision for reduction or avoidance of debt. The Budget estimate for 1926-27 includes in addition nearly £1 million of 7 per cent. stock which is still outstanding, the rest having been converted previously into 3 per cent. stock under the terms of the loan.

54. The disbursements on account of deposits and advances are higher in the current year than in the next mainly owing to the closing of the enemy ships deposit account.

55. Remittances for financing the Home Treasury have been made in the current year entirely in the form of purchases of sterling in India which already exceed £46 million. It is anticipated that the total for the year will be £50 million, of which £9 million has been taken as a remittance on account of the Paper Currency Reserve. The net transfer of balances from India to England is therefore £41 million. The corresponding amount for next year is £27 million but this is only an illustrative figure representing the remittances necessary to provide the Home Treasury with a normal closing balance. The actual amount of remittance must, like the form, necessarily depend upon the circumstances of the year.

56. The Gold Standard Reserve usually stands at £40 million, any excess resulting from investments, etc., being transferred monthly to Revenue. The receipts and charges in the current and next years are as follows:—

	(In millions of £.)	
	Revised, 1925-26.	Budget, 1926-27.
Dividends, interest, etc.	1·81	1·69
Investments realised	47·78	28·38
TOTAL	49·59	30·07
Investments made	47·69	28·35
Appropriation to Revenue	1·90	1·72
TOTAL	49·59	30·07

INDIA.

57. The following is a summary of the estimates of Ways and Means in India during 1925-26 and 1926-27 :—

(In crores of rupees.)

	Budget, 1925-26	Revised, 1925-26	Budget, 1926-27
RECEIPTS.			
1. Excess of Revenue of the Central Government over expenditure charged to Revenue	25.22	24.32	23.61
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	4.20	6.40	4.00
(b) Savings Bank deposits (net)	5.57	5.71	5.54
3. Other Deposits and Remittances (net)	13.53	14.63	13.44
4. Balances of Provincial Governments	3.38	4.75	3.73
TOTAL RECEIPTS	51.90	55.81	50.52
DISBURSEMENTS.			
5. Capital Expenditure not charged to Revenue—			
(a) State Railways	15.49	11.64	14.68
(b) Redemption of liabilities involved in purchase of R. Ways	86	54	—
(c) Discharge of railway debentures	1.37	02	17
(d) Posts and Telegraphs	1.99	2.18	45
(e) Delhi	1.51	1.32	93
(f) Other items	—	70	74
6. Permanent Debt discharged (net)	4.60	2.03	20.05
7. Loans by the Central Government—			
(a) To Provincial Loans Fund	13.82	7.96	7.00
(b) Other Loans	98	1.34	1.06
8. Remittances between England and India—			
(a) Remittances from India for financing Home Treasury	31.50	41.00	27.00
(b) Drawings by the Iraq administration recoverable in England	1.70	1.90	1.65
(c) Other transactions (net)	1.23	1.24	1.13
TOTAL DISBURSEMENTS	75.03	72.37	74.66
NET DISBURSEMENTS	23.13	16.56	24.14
New Loan	12.00	—	22.00
Reduction of cash balance	11.13	16.56	2.34
Opening Balance	24.27	31.73	15.17
Closing Balance	13.14	15.17	12.63

58. The head "Other Deposits and Remittances" is made up of a variety of transactions of which the following deserve special mention :—

	1925-26.	1926-27.
Appropriation for reduction or avoidance of debt	4.97	4.99
Railway Reserve and Railway and Posts and Telegraphs Depreciations Funds	6.96	5.61

59. The estimates of Provincial Governments' transactions—*vide* items 4 and 7(a)—are based on the assumption that the net drawings from the Central Government in India and England including those in the shape of advances through the Provincial Loans Fund will be 6 crores in the current year (against the Budget estimate of 13½ crores which experience has proved to be high) and 7 crores in the next.

60. Among the "Other items" of capital expenditure it is necessary to mention 35 lakhs provided next year on account of payment of commuted value of pensions which will be charged to capital in accordance with the revised system of accounting to be introduced with effect from the 1st April 1926. The amount paid out of capital will be repaid with interest out of revenue in 15 equated annual instalments.

61. Full details of debt incurred and discharged are given in statement C of the Budget. Out of the net amount of 2.03 crores shown as discharged in 1925-26, 1.77 crores represent 1925 Bonds which matured during the year but were not converted into the year's loan. The net amount of 20.05 crores similarly shown in the Budget for 1926-27 almost wholly represents the outstanding 1926 Bonds which will fall due for payment next year. The amount of the new loan now estimated to be required to enable the Government of India to close the year with a normal balance has been shown separately at 22 crores and this includes conversions. The figure is, however, again illustrative only and the actual amount and other details will depend upon the circumstances of the time.

62. The result of the conversion loan in the current year is summarised below for ready reference.

		[In crores of rupees.]
<i>Debt discharged.</i>		
5½ per cent War Bonds, 1925	. . . . .	1.68
6 per cent Bonds, 1926	. . . . .	17.84
6 " " 1927	. . . . .	7.41
5½ " " 1928	. . . . .	3.63
		30.61
<i>Debt incurred.</i>		
5 per cent Tax-free loan, 1945-55	. . . . .	25.88
5 " " Bonds, 1935	. . . . .	4.73
		30.61

A. C. McWATERS.

APPENDIX.

MEMORANDUM ON THE MILITARY ESTIMATES FOR 1926-27.

The form in which the detailed estimates for 1926-27 have been presented has not been materially changed, but against each important head, explanations have been furnished, as in the Home Estimates, which are intended to indicate as briefly as possible the duties performed by the particular services in question or the purposes for which particular expenditure is incurred and it is hoped that this information will help to elucidate in some degree the intricate details of the Military Estimates. Reasons are also given for the principal variations in the estimates. Another change which has been introduced is the amalgamation of certain minor heads and re-grouping of these heads under two main categories (i) Direct expenditure which includes pay, allowances and other direct cash expenditure incurred by the various formations and (ii) Supplies and Services, representing the value of rations, clothing, equipment, etc., issued from Arsenals and Supply Depôts to the units and the charges made for services rendered by transport units or the engineering services.

Apart from these changes the form of the estimates remains the same as that followed in recent years, pending any modifications which may be adopted on the recommendations of the Army Accounts Committee which is at present examining the working of the system of cost accounting in the Army.

2. Since 1920-21 substantial reductions have been effected in the expenditure on the Military Services. The actual net expenditure as shown in the final accounts or as estimated, where the accounts are not yet closed, is indicated in the following statement:—

	Rs. (Crores).
1920-21	87.4
1921-22	69.8
1922-23	65.27
1923-24	56.23
1924-25	55.63
1925-26 (Revised estimate)	56.28
1926-27 (Budget estimate)	54.68

In the first of the years shown above, expenditure was swollen by abnormal charges of Rs. 7 crores on operations on the North West Frontier and of Rs. 13 crores on the occupation of Waziristan, while in 1921-22 abnormal charges of a similar kind accounted for Rs. 6½ crores. The Indian Retrenchment Committee commenced their review of the expenditure of the Central Government in November 1922 and adopted, as the basis of their scrutiny of the expenditure on the Military Services, the budget estimate of the year 1922-23 which amounted to a net figure of Rs. 67½ crores. The result of their exhaustive examination of every aspect of military administration was the recommendation that the net budget for 1923-24 should be fixed at Rs. 57½ crores, subject to such addition as would be necessary on account of the delay which must necessarily ensue in carrying out the proposed changes. In their final review of Military expenditure, they envisaged further large automatic savings and they considered that, in subsequent years, expenditure would be susceptible of reduction to Rs. 57 crores and ultimately to Rs. 50 crores provided a further fall in prices took place. The budget estimate

for 1923-24 was actually Rs. 62 crores, providing for the retrenchments proposed and the necessary delay in carrying them into full effect. This estimate was prepared under considerable difficulty as the record of past actual expenditure, incurred under abnormal conditions, was of little value as a guide to the future and, as the retrenchment report was presented at the close of the year when the budget was in preparation, reductions in the estimates for 1923-24 had to be estimated on a rough and provisional basis. The actual expenditure for the year amounted to under Rs. 56·23 crores, a saving of Rs. 5½ crores on the original estimate, which was largely due to the rapidity with which the retrenchments were effected under the orders of His Excellency the Commander-in-Chief. Even when the budget estimate for 1924-25 was under preparation the cumulative effect of the strict régime of retrenchment and economy and of abnormal and unforeseen war adjustments was not fully realised. The estimate for that year was fixed at Rs. 60½ crores while the actual expenditure has proved to be Rs. 55·63 crores, a reduction of over Rs. 4½ crores.

3. With the return to normal conditions, and the assistance of more reliable records of past actual expenditure, it is improbable that such large variations will again occur between the estimates and the actual expenditure. For the current year, 1925-26, the budget estimate was fixed at Rs. 56½ crores which closely approximates to the actual expenditure of the past two years. The progress of expenditure during the course of the year justifies the framing of a revised estimate which differs little from the original figure, exceeding it by Rs. 3 lakhs only. This estimate takes into account a short payment of about Rs. 70 lakhs in the Home Estimates mainly owing to a revision with effect from 1919 of the basis on which the non-effective charges are settled but against this, there is counterbalancing additional expenditure principally of a non-recurring character.

An additional provision of Rs. 40 lakhs has been made to finance the replacement of certain shortages in armament and equipment. The cost of food and forage has proved to be higher than the estimate by about Rs. 20 lakhs owing to the prevalence throughout the year of a range of prices generally higher than those originally adopted, while a special allotment of Rs. 15 lakhs has been provided to facilitate the purchase in the current year of the requirements of ghi for the earlier months of 1926-27 in order to take advantage of more favourable conditions.

4. For 1926-27 the estimate is Rs. 54·88 crores a reduction of Rs. 1·4 crores on the revised estimate for the current year. No material changes in the organisation of the Army are proposed but the estimate takes into account the withdrawal of the third British Cavalry regiment, the last of the specific reductions in establishment which was recommended by the Retrenchment Committee. It also allows for certain reductions of expenditure consequent on the withdrawal of military detachments from the Persian Gulf and the connected disbandment of an Indian infantry battalion in India. Allowance is made on practically the same scale as in the current year (Rs. 60 lakhs) for expenditure on new equipment and urgent measures of reorganisation mostly of a non-recurring character. The principal variations will be dealt with under the detailed heads in subsequent paragraphs. The largest items, however, which contribute to the reduction in the estimates for the ensuing year are the saving of one crore in gratuities to demobilised officers and of Rs. 37 lakhs in pensionary liabilities.

5. The following table indicates the composition of the expenditure on the military services, distinguishing between charges which represent the normal cost of maintenance and those which are of an abnormal and disappearing character.

(In crores of rupees.)

	Actuals, 1933-34.	Actuals, 1934-35.	Revised, 1935-36.	Budget, 1936-37.
(1) Established charges	55.68	55.83	55.24	54.24
(2) Payments to demobilised officers	1.18	.78	1.69	.66
(3) Special expenditure in Waziristan and for the Royal Air Force	2.16	.51	.43	.23
(4) Adjustment for consumption of surplus stores	-3.00	-1.10	-70	-25
(5) Special non-recurring credits	-79	-39	-38	...
Total	56.23	55.33	56.28	54.88

In each year, the figure for established charges is well below the Retrenchment Committee's figure of Rs. 57 crores. It will be realised that, with the heavy commitments for expenditure in England which are provided for in the military estimates, a considerable part of the reduction below Rs. 57 crores is attributable to the present favourable rates of exchange but this advantage has been neutralised by certain additions to the Military Budget of which the Retrenchment Committee did not take cognisance, i.e., the provision of about half-a-crore of rupees for the revision of pay and grant of free passages to officers of the Army, and the transfer to military estimates from the civil estimates of certain expenditure more properly accounted for under the former. The transfers which are taken into account in the budget of 1926-27 are as follows :—

(Thousands of rupees.)

Payments to Telegraph Department for care of Army stores	27
Customs Duty	30,00
Printing and Stationery	10,00
	40,27

On the other hand, the following items have been transferred from the military to the civil estimates :—

Establishment of the Deputy Financial Adviser, Royal Air Force	43
Establishment of the Budget Section	40
Charges for the Nepal Escort	49
	1,32

The net debit to the military estimates by these interchanges is nearly Rs. 39 lakhs.

6. The following is a brief summary of the main points affecting the major heads of the estimates. The variations in detail will be found described against each head in the volume of detailed estimates.

Part A-I.—Maintenance of the Standing Army.

	Crores.
1924-25, Accounts	29.08
1925-26, Revised	29.40
1926-27, Budget	29.29

This is the most important head in the estimates. It covers the pay and allowances, including travelling allowances, the cost of provisions, animals, clothing and equipment issued in the course of the year to the various fighting units constituting the Standing Army in India.

In the current year's budget estimate under this head a lump sum of Rs. 40 lakhs was provided to cover the revised pay and passage concessions to officers of the Army. This has now been distributed over the appropriate heads. Similarly the current year's estimates allowed for a lump deduction of Rs. 20 lakhs to balance any over-estimation on the budget as a whole. For the same reason and because the process of subsidence is not yet complete a similar lump cut of Rs. 12 lakhs has been taken in the estimates for 1926-27. Allowance has been made for the withdrawal of the 3rd British Cavalry Regiment and also for average estimated shortages in the sanctioned strength to the extent of 800 British soldiers and 4,000 Indian soldiers due to trooping arrangements and other causes inherent in the organisation of the Army. On the other hand, larger provision has been made on account of the anticipated increases in the price of forage and articles of ration as compared with the prices adopted in the current year's estimates.

Owing to the recent revision of pay of the British soldier which gives reduced rates to all new recruits enlisting after October 1925, the expenditure under this head will undergo considerable reduction in future years. It is estimated that the combined savings from this cause and under the scheme of revision of officers' pay will amount to Rs. 12 lakhs in 1927-28 increasing each year to Rs. 60 lakhs in 1929-30 and to well over a crore of rupees from 1933.

7. Part A-II.—Cost of Educational and Training Establishments and Working Expenses of Hospitals and Depôts.—

	Crores.
1924-25, Accounts	7.27
1925-26, Revised	6.87
1926-27, Budget	6.92

Under this head are recorded charges connected with the various subsidiary establishments maintained for the service of the Army in India. These consist chiefly of the cost of military training and education of the soldier, British and Indian; of the supervision and working of military hospitals, arsenals, and other store depôts and of the several factories which produce munitions and equipment; of the Military Accounts offices and other miscellaneous charges. There is a saving of about Rs. 8 lakhs under Educational and Instructional establishments as compared with this year's original estimate, mainly owing to a closer estimate based on past actuals of the requirements for

practice small arms ammunition. There are small increases under most of the schools of instruction owing to distribution to this head of the cost of the revision of pay of officers, provided under Head I in lump in the current year. The working expenses of hospitals show a reduction of about Rs. 10 lakhs partly due to payment in England of overseas pay of I. M. S. officers; but real savings will accrue owing to retrenchment of officers and improvement in the health of troops as reflected in hospital charges. On the other hand the net expenditure on the working of depôts, etc., is estimated at Rs. 33 lakhs more than in the current year's estimate. This increase however is mainly due to the elimination next year of a purely book credit for increase in the value of arsenal stores after repair which was counterbalanced by a corresponding debit under the Stock account head. Actual savings are expected under Supply Depôts, Remount Depôts, Dairy Farms and Military Accounts. The last reduction is mainly anticipated as a probable result of the simplification of the system of cost accounting which is now under examination by the Army Accounts Committee.

8. *Part A-III.—Army Headquarters, Staff of Commands, etc.—*

	Crores.
1924-25, Accounts	2.16
1925-26, Revised	2.19
1926-27, Budget	2.22

The increased expenditure under this head is mainly due to the recent revision of pay of officers.

9. *Part A-IV.—Stock Account.—*

This is a suspense head intended for the reception of charges connected with the purchase of all varieties of military stores, pending their issue and allocation to the services of the Army concerned. Net debits or credits indicate increases or decreases in stock. In 1926-27, owing to the gradual exhaustion of useable surpluses, credit will be taken only for Rs. 25 lakhs as against Rs. 70 lakhs in the current year. Attention is invited to the statement appended to this portion of the account in the volume of detailed estimates which shows for the first time the estimated value of the stocks held in Arsenals, Factories and Supply formations.

10. *Part A-V.—Special Services.—*

	Lakhs.
1924-25, Accounts	96.9
1925-26, Revised	182.4
1926-27, Budget	74.7

The main item under this head is the heavy terminal charge for gratuities to surplus officers for which Rs. 169.4 lakhs is provided in the current year's revised estimates and Rs. 66.3 lakhs in 1926-27, after which this special liability should cease.

11. *Part A-VI.—Miscellaneous Charges and Receipts.—*

	Lakhs.
1924-25, Accounts	175.40
1925-26, Revised	80.06
1926-27, Budget	127.19

The charges under this head consist mainly of expenditure incurred on the general movements of troops and stores. Travelling allowances other than those incurred in connection with general movements are debited to the services concerned. The budget estimate for the current year was Rs. 123·4 lakhs. The difference between this figure and the revised estimate is due to book credits for adjustments on account of differences in rates of stores owing to their appreciation. The estimate for 1926-27 includes a new provision of Rs. 14 lakhs for passage concessions to officers of the Army which amount was included in the lump provision of Rs. 40 lakhs made under Head I. A.-I., in the current year. A further sum of Rs. 3 lakhs has been included owing to the transfer to this head from the Marine estimates of the maintenance charges of military launches. Other main variations include a reduction of Rs. 4 lakhs in the cost of printing and stationery according to latest estimates and a reduction of Rs. 16 lakhs in the cost of sea transport charges.

12. *Part A-VII.—Non-effective Charges and Receipts:—*

	Crores.
1924-25, Accounts	8·48
1925-26, Revised	7·72
1926-27, Budget	8·19

The smaller expenditure under the revised estimate is mainly due to the short payment to the War Office on account of revised non-effective charges already referred to. The budget for 1926-27 takes into account reductions on pensionary charges in England and India amounting to Rs. 37 lakhs mainly owing to decreasing liabilities for war pensions.

13. *Part B.—Auxiliary and Territorial Forces.—*

	Lakhs.
1924-25, Accounts	87·33
1925-26, Revised	100·27
1926-27, Budget	104·33

The estimate for the Auxiliary Force is Rs. 75·6 lakhs and for the Territorial Force Rs. 25·6 lakhs. The low direct expenditure in 1924-25 is due to consumption of surplus stores and miscellaneous credits amounting in all to Rs. 7 lakhs. The increases in subsequent years are mainly due to adjustment of expenditure for services rendered by the Military Engineering Services and also to additional provision of Rs. 2 lakhs for the guarding of armouries hitherto provided by Local Government police.

14. *Part C.—Royal Air Force.—*

	Lakhs.
1924-25, Accounts	181·13
1925-26, Revised	221·23
1926-27, Budget	179·02

The original Budget Estimate for 1925-26 was Rs. 187·29 lakhs and the increase in the revised estimate is mainly due to expenditure on Frontier operations and on special supplies of stores. The decrease in 1926-27 is due mainly to the completion of the special building programme. Provision has however been made for reserves of spare parts and bombs.

15. *Marine.*—

	Lakhs.
1924-25, Accounts	63.0
1925-26, Revised	58.6
1926-27, Budget	60.9

Provision has been made on the basis of the existing organisation for the present. Capital developments under the proposed reorganisation will be met from the sale-proceeds of the Kidderpore Dockyard at present retained in a suspense account for this purpose to the extent of over Rs. 20 lakhs.

16. *Military Engineering Services.*—

	Crores.
1924-25, Accounts	3.93
1925-26, Revised	3.36
1926-27, Budget	3.15

The main cause of the difference between the accounts of 1924-25 and the estimated revised net expenditure for 1925-26 lies in the larger provision in the latter year for receipts (an increase of over Rs. 50 lakhs) due to the expansion of the costing system under which units and formations are charged for water and light supplied by the Engineering Services. These receipts are balanced by increased expenditure under the Army and other Heads. The provision for 1926-27 includes an additional Rs. 20 lakhs mainly for acceleration of the programme of new lines for Indian troops. This amount will, it is estimated, be covered by receipts from the sale of surplus lands and buildings which are being placed to a suspense account to finance improved accommodation and amenities for the troops. The proposal to charge rent to Army formations for barracks, etc., has been held in abeyance pending the report of the Committee on Army accounts.

17. Statements are appended to this Memorandum which give actual and estimated gross and net expenditure figures from 1922-23 under Army, Marine, Military Engineer Services and also the totals.

18. If Honourable Members desire any further information on the details of the Military Budget, they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

(Sd.) A. F. L. BRAYNE,

Financial Adviser, Military Finance.

The 1st March 1926.

ARMY.

EXPENDITURE.	Actuals, 1922-23.		Actuals, 1923-24.		Actuals, 1924-25.		1925-26.		Budget, 1926-27.
							Budget.	Revised.	
	₹	₹	₹	₹	₹	₹	₹	₹	₹
India—									
Part A.—Standing Army.									
<i>Effective Services.</i>									
Maintenance of the Standing Army.	30,20,54,305	26,59,49,583	27,43,42,220	27,37,35,360	27,45,12,000	27,26,80,780			
Cost of Educational, etc., establishments and working expenses of Hospitals, Depôts, etc.	9,40,68,632	9,02,53,323	8,67,68,224	8,24,17,860	8,24,03,000	8,48,06,560			
Army Headquarters, Staff of Commands, etc.	2,14,39,704	2,03,41,647	2,12,09,410	2,02,73,730	2,11,04,000	2,14,70,610			
Stock Account.	-2,08,04,230	-3,04,03,308	-3,08,41,326	-1,16,60,650	-82,67,000	-1,62,54,450			
Special Services	5,45,82,360	1,88,40,009	43,97,372	58,85,280	58,97,000	25,09,500			
Miscellaneous Charges	1,94,78,050	23,47,396	2,06,17,557	90,77,420	58,98,000	95,06,030			
Unadjusted Expenditure.	-24,84,020	-13,51,602	-1,49,515	...	...	...
TOTAL—EFFECTIVE	₹ 46,01,74,801	₹ 37,99,86,508	₹ 37,62,43,942	₹ 37,97,20,000	₹ 38,15,47,000	₹ 37,47,79,000			
<i>NON-EFFECTIVE SERVICES—</i>									
Non-effective charges	₹ 5,92,75,452	₹ 5,74,71,540	₹ 5,10,78,405	₹ 5,11,09,000	₹ 4,76,89,000	₹ 4,86,93,000			
Part B.—Auxiliary and Territorial Forces—Effective	₹ 95,45,770	₹ 1,05,41,555	₹ 87,38,266	₹ 1,00,32,000	₹ 1,00,28,000	₹ 1,04,33,000			
Part C.—Royal Air Force									
{ Effective	₹ 1,10,55,114	₹ 1,46,13,236	₹ 1,23,54,118	₹ 1,41,11,000	₹ 1,53,09,000	₹ 1,31,48,000			
{ Non-Effective	₹ ...	₹ 3,479	₹ 1,361	₹ 21,000	₹ 21,000	₹ 5,000			
	₹ 1,10,55,114	₹ 1,49,16,715	₹ 1,23,55,479	₹ 1,41,32,000	₹ 1,53,30,000	₹ 1,31,53,000			
TOTAL INDIA { Effective	₹ 48,07,75,685	₹ 40,51,41,099	₹ 39,73,36,326	₹ 40,47,63,000	₹ 40,68,84,000	₹ 39,83,60,000			
{ Non-Effective	₹ 5,92,75,452	₹ 5,74,75,019	₹ 5,10,79,766	₹ 5,11,30,000	₹ 4,77,10,000	₹ 4,86,98,000			
	₹ 54,00,51,137	₹ 46,26,16,118	₹ 44,84,10,092	₹ 45,58,93,000	₹ 45,45,94,000	₹ 44,70,58,000			
EXPENDITURE.									
England—									
Part A.—Standing Army.									
<i>Effective Service.</i>									
Maintenance of the Standing Army.	3,196,815	2,875,730	2,419,414	2,476,000	2,538,600	2,614,400			
Cost of Educational, etc., establishments and working expenses of Hospitals, Depôts, etc.	235,000	214,700	288,606	245,700	334,900	316,700			
Army Headquarters, Staff of Commands, etc.	51,168	40,665	44,234	44,000	79,000	73,000			
Stock Account.	1,613,415	1,115,552	1,764,532	1,036,700	1,135,800	1,257,300			
Carried over	£ 5,098,398	£ 4,246,647	£ 4,516,789	£ 3,802,400	£ 4,088,300	£ 4,261,400			
	₹ 54,00,51,137	₹ 46,26,16,118	₹ 44,84,16,092	₹ 45,58,93,000	₹ 45,45,94,000	₹ 44,70,58,000			

ARMY—contd.

		Actuals, 1923-23.	Actuals, 1923-24.	Actuals, 1924-25.	1925-26.		Budget, 1926-27.
					Budget.	Revised.	
Brought forward	{ R	54,00,51,137	46,26,16,118	44,84,16,092	45,58,93,000	45,45,94,000	44,70,58,000
	{ £	5,206,598	4,246,647	4,516,789	3,802,400	4,088,300	4,261,400
Special Services	£	454,904	611,573	529,441	1,200,000	1,235,000	490,000
Miscellaneous Charges	£	740,124	659,894	523,582	631,000	602,500	510,500
TOTAL—EFFECTIVE	£	6,491,426	5,518,114	5,569,812	5,633,400	5,925,800	5,261,900
NON-EFFECTIVE SERVICES—							
Non-effective charges	£	3,421,204	3,646,984	3,685,848	3,695,300	3,156,900	3,578,100
Part C.—Royal Air Force—(Effective)	£	788,271	519,045	568,339	554,100	676,600	562,600
	£	10,700,901	9,684,143	9,823,999	9,882,800	9,759,300	9,402,600
TOTAL ENGLAND	{ Effective . R	7,27,96,971	6,03,71,596	6,13,81,504	6,18,75,000	6,60,24,000	5,82,45,000
	{ Non-Effective R	3,42,12,042	3,64,69,838	3,68,58,484	3,69,53,000	3,15,69,000	3,57,61,000
	R	10,70,09,013	9,68,41,434	9,82,39,988	9,88,28,000	9,75,93,000	9,40,26,000
TOTAL EXPENDITURE	{ Effective . R	55,35,72,656	46,55,12,695	45,87,17,830	46,06,38,000	47,29,08,000	45,66,05,000
	{ Non-Effective R	9,34,87,494	9,39,44,857	8,79,38,250	8,80,83,000	7,92,79,000	8,44,79,000
	R	64,70,60,150	55,94,57,552	54,66,56,080	55,47,21,000	55,21,87,000	54,10,84,000
REVENUE.							
India	{ Effective . R	3,74,90,893	3,07,32,065	2,91,85,681	2,47,91,000	2,42,24,000	2,46,07,000
	{ Non-Effective R	18,75,003	20,91,011	19,99,085	13,09,000	13,55,000	14,07,000
	TOTAL . R	3,93,65,896	3,28,23,076	3,11,84,766	2,61,00,000	2,55,79,000	2,60,14,000
England	£	900,750	480,022	473,291	408,800	326,700	390,200
	{ Effective . R	74,81,527	36,00,935	36,41,412	29,93,000	26,27,000	27,99,000
	{ Non-Effective R	15,25,970	11,99,288	10,91,490	10,75,000	6,40,000	11,03,000
	TOTAL . R	90,07,497	48,00,223	47,32,902	40,68,000	32,67,000	39,02,000
TOTAL REVENUE	{ Effective . R	4,49,71,920	3,43,33,000	3,28,27,093	2,77,84,000	2,68,51,000	2,74,06,000
	{ Non-Effective R	34,00,973	32,90,299	30,90,575	23,84,000	19,95,000	25,10,000
	TOTAL . R	4,83,72,893	3,76,23,299	3,59,17,668	3,01,68,000	2,88,46,000	2,99,16,000
NET EXPENDITURE	{ India . R	50,06,85,741	42,97,93,043	41,72,31,326	42,97,93,000	42,90,15,000	42,10,44,000
	{ England . R	9,80,01,516	9,20,41,211	9,35,07,086	9,47,60,000	9,43,26,000	9,01,24,000
	{ Effective . R	50,86,00,736	43,11,79,695	42,58,90,737	43,88,54,000	44,60,57,000	42,91,99,000
	{ Non-Effective R	9,00,86,521	9,06,54,558	8,48,47,875	8,56,99,000	7,72,84,000	8,19,69,000
	TOTAL . R	59,86,87,257	52,18,34,253	51,07,38,412	52,45,53,000	52,33,41,000	51,11,68,000

MARINE.

		Actuals, 1922-23.	Actuals, 1923-24.	Actuals, 1924-25.	1925-26.		Budget, 1926-27.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	1,13,49,218	71,46,317	52,18,321	62,11,000	52,29,000	56,62,000	
England	£	264,940	250,811	219,240	208,900	191,200	221,800	
	R	26,49,400	25,08,108	21,92,396	20,89,000	19,12,000	22,18,000	
Total Expenditure	R	1,39,98,618	96,54,425	74,10,717	83,00,000	71,41,000	78,80,000	
REVENUE.								
India	R	32,72,538	24,73,367	11,12,931	9,33,000	12,82,000	17,87,000	
England	£	...	...	...	...	...	...
	R	...	...	...	...	...	...
Total Revenue	R	32,72,538	24,73,367	11,12,931	9,33,000	12,82,000	17,87,000	
NET EXPEN- DITURE.	India	R	80,76,680	46,72,950	41,05,390	52,78,000	39,47,000	38,75,000
	England	R	26,49,400	25,08,108	21,92,396	20,89,000	19,12,000	22,18,000
	Total	R	1,07,26,080	71,81,058	62,97,786	73,67,000	58,59,000	60,93,000

MILITARY ENGINEER SERVICES.

		Actuals, 1922-23.	Actuals, 1923-24.	Actuals, 1924-25.	1925-26.		Budget, 1926-27.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	4,74,71,301	4,05,97,369	4,20,54,793	3,91,42,000	4,17,21,000	4,25,98,000	
England	£	152,889	72,242	53,028	45,400	34,000	21,700	
	R	15,28,886	7,22,414	5,30,287	4,54,000	3,40,000	2,17,000	
TOTAL	R	4,90,00,187	4,13,19,783	4,25,85,080	3,95,96,000	4,20,61,000	4,28,15,000	
REVENUE.								
India	R	57,33,434	80,59,731	32,81,060	90,16,000	84,61,000	1,12,76,000	
NET EXPEN- DITURE.	India	R	4,17,37,867	3,25,37,638	3,87,73,733	3,01,26,000	3,32,60,000	3,13,22,000
	England	R	15,28,886	7,22,414	5,30,287	4,54,000	3,40,000	2,17,000
	TOTAL	R	4,32,66,753	3,32,60,052	3,93,04,020	3,05,80,000	3,36,00,000	3,15,39,000

TOTAL MILITARY SERVICES: SUMMARY.

		Actuals, 1922-23.	Actuals, 1923-24.	Actuals, 1924-25.	1925-26.		Budget, 1926-27.	
					Budget.	Revised.		
EXPENDITURE.								
India	£	59,83,71,656	51,03,59,804	49,56,59,206	50,12,46,000	50,15,44,000	49,53,18,000	
England	£	11,118,730	10,007,198	10,096,267	10,137,100	9,984,500	9,646,100	
	£	11,11,87,299	10,00,71,958	10,09,62,671	10,13,71,000	9,98,45,000	9,64,61,000	
Total Expenditure	£	71,00,58,955	61,04,31,760	59,66,51,877	60,26,17,000	60,13,59,000	59,17,79,000	
REVENUE.								
India	£	4,83,71,368	4,33,56,174	3,55,78,757	3,60,49,000	3,53,22,000	3,90,77,000	
land	£	900,750	480,022	473,291	406,800	326,700	390,200	
	£	90,07,497	48,00,223	47,32,902	40,68,000	32,67,000	39,02,000	
Total Receipts	£	5,73,78,865	4,81,56,397	4,03,11,659	4,01,17,000	3,85,89,000	4,29,79,000	
NET EXPENDI- TURE.	India	£	55,05,00,288	46,70,03,630	46,01,10,449	46,51,97,000	46,62,22,000	45,62,41,000
	England	£	10,21,79,802	9,52,71,733	9,62,29,769	9,73,03,000	9,65,78,000	9,25,59,000
	TOTAL	£	65,26,80,090	56,22,75,363	55,63,40,218	56,25,00,000	56,28,00,000	54,88,00,000